

## SENATE BILL No. 258

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5; IC 8-18-22-6; IC 12-20-25-35.

**Synopsis:** County income tax council. Replaces the county income tax council with the county council, or city-county council in the case of Marion County, for purposes of the county option income tax, the county motor vehicle excise surtax, and the county wheel tax.

**Effective:** January 1, 2015.

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**Smith J**

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January 13, 2014, read first time and referred to Committee on Tax and Fiscal Policy.

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Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## SENATE BILL No. 258

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3.5-4-1, AS AMENDED BY P.L.205-2013,  
2       SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2015]: Sec. 1. As used in this chapter:  
4       "Adopting entity" means ~~either~~ the county council. ~~or the county~~  
5       ~~income tax council established by IC 6-3.5-6-2 for the county;~~  
6       ~~whichever adopts an ordinance to impose a surtax first.~~  
7       "Branch office" means a branch office of the bureau of motor  
8       vehicles.  
9       "County council" includes the city-county council of a county that  
10      contains a consolidated city. ~~of the first class.~~  
11      "Motor vehicle" means a vehicle which is subject to the annual  
12      license excise tax imposed under IC 6-6-5.  
13      "Net annual license excise tax" means the tax due under IC 6-6-5  
14      after the application of the adjustments and credits provided by that  
15      chapter.



"Surtax" means the annual license excise surtax imposed by an adopting entity under this chapter.

SECTION 2. IC 6-3.5-4-1.1 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. ~~Sec. 1.1. For purposes of acting as the adopting entity under this chapter, a county income tax council is comprised of the same members as the county income tax council that is established by IC 6-3.5-6-2 for the county (regardless of the income tax that may be in effect in the county). The county income tax council shall use the same procedures that apply under IC 6-3.5-6 when acting as an adopting entity under this chapter.~~

SECTION 3. IC 6-3.5-4-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: **Sec. 17. Notwithstanding the replacement of the adopting body with the county council for purposes of this chapter, all actions taken before January 1, 2015, with respect to the following, continue in full force and effect, unless modified by the county council under this chapter after December 31, 2014:**

- (1) The imposition of the tax under this chapter.**
- (2) The total tax rate imposed under this chapter.**
- (3) The uses of the tax revenue under this chapter.**
- (4) All agreements relating to the use of the tax revenue.**
- (5) All proceedings and any action taken at a proceeding concerning the tax.**
- (6) Any final action taken by the county income tax council before January 1, 2015, with regard to tax rate increases, decreases, or other matters that will not take effect until after December 31, 2014.**

SECTION 4. IC 6-3.5-5-1, AS AMENDED BY P.L.205-2013, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: **Sec. 1. As used in this chapter:**

"Adopting entity" means ~~either the county council, or the county income tax council established by IC 6-3.5-6-2 for the county, whichever adopts an ordinance to impose a wheel tax first.~~

"Branch office" means a branch office of the bureau of motor vehicles.

"Bus" has the meaning set forth in IC 9-13-2-17(a).

"Commercial motor vehicle" has the meaning set forth in IC 6-6-5.5-1(c).

"County council" includes the city-county council of a county that contains a consolidated city. ~~of the first class.~~

"In-state miles" has the meaning set forth in IC 6-6-5.5-1(i).

"Political subdivision" has the meaning set forth in IC 34-6-2-110.



"Recreational vehicle" has the meaning set forth in IC 9-13-2-150.

"Semitrailer" has the meaning set forth in IC 9-13-2-164(a).

"State agency" has the meaning set forth in IC 34-6-2-141.

"Tractor" has the meaning set forth in IC 9-13-2-180.

"Trailer" has the meaning set forth in IC 9-13-2-184(a).

"Truck" has the meaning set forth in IC 9-13-2-188(a).

"Wheel tax" means the tax imposed under this chapter.

SECTION 5. IC 6-3.5-5-1.1 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. ~~Sec. 1.1. For purposes of acting as the adopting entity under this chapter, a county income tax council is comprised of the same members as the county income tax council that is established by IC 6-3.5-6-2 for the county (regardless of the income tax that may be in effect in the county). The county income tax council shall use the same procedures that apply under IC 6-3.5-6 when acting as an adopting entity under this chapter.~~

SECTION 6. IC 6-3.5-5-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: **Sec. 19. Notwithstanding the replacement of the adopting body with the county council for purposes of this chapter, all actions taken before January 1, 2015, with respect to the following, continue in full force and effect, unless modified by the county council under this chapter after December 31, 2014:**

- (1) The imposition of the tax under this chapter.
- (2) The total tax rate imposed under this chapter.
- (3) The uses of the tax revenue under this chapter.
- (4) All agreements relating to the use of the tax revenue.
- (5) All proceedings and any action taken at a proceeding concerning the tax.
- (6) Any final action taken by the county income tax council before January 1, 2015, with regard to tax rate increases, decreases, or other matters that will not take effect until after December 31, 2014.

SECTION 7. IC 6-3.5-6-1, AS AMENDED BY P.L.146-2008, SECTION 335, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5. However, in the case of a county taxpayer who is not treated as a resident county taxpayer of a county, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment.

"Apartment complex" means real property consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential



accommodations for periods of at least thirty (30) days.

"Civil taxing unit" means any entity, except a school corporation, that has the power to impose ad valorem property taxes. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a county in which a consolidated city is located, the consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except townships, excluded cities (as defined in IC 36-3-1-7), and school corporations shall be deemed to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

"County ~~income tax~~ council" ~~means a council established by section 2 of this chapter.~~ **includes the city-county council of a consolidated city.**

"County taxpayer", as it relates to a particular county, means any individual:

- (1) who resides in that county on the date specified in section 20 of this chapter; or
- (2) who maintains the taxpayer's principal place of business or employment in that county on the date specified in section 20 of this chapter and who does not reside on that same date in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Fiscal body" has the same definition that the term is given in IC 36-1-2-6.

"Homestead" has the meaning set forth in IC 6-1.1-12-37.

"Qualified residential property" refers to any of the following:

- (1) An apartment complex.
- (2) A homestead.
- (3) Residential rental property.

"Resident county taxpayer", as it relates to a particular county, means any county taxpayer who resides in that county on the date specified in section 20 of this chapter.

"Residential rental property" means real property consisting of not more than four (4) units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days.

"School corporation" has the same definition that the term is given in IC 6-1.1-1-16.

SECTION 8. IC 6-3.5-6-2, AS AMENDED BY P.L.77-2011,



SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) Using procedures described in this chapter, A county income tax council may adopt ordinances to:

- (1) impose the county option income tax in its county;
- (2) subject to section 12 of this chapter, rescind the county option income tax in its county;
- (3) increase the county option income tax rate for the county;
- (4) freeze the county option income tax rate for its county;
- (5) increase the homestead credit in its county; or
- (6) subject to section 12.5 of this chapter, decrease the county option income tax rate for the county.

**A county council may pass only one (1) ordinance described in subdivisions (1) through (4) or subdivision (6) in any one (1) year.**

SECTION 9. IC 6-3.5-6-3 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. Sec. 3: (a) In the case of a city or town that lies within more than one (1) county, the county auditor of each county shall base the allocations required by subsection (b) on the population of that part of the city or town that lies within the county for which the allocations are being made:

(b) Every county income tax council has a total of one hundred (100) votes. Every member of the county income tax council is allocated a percentage of the total one hundred (100) votes that may be cast. The percentage that a city or town is allocated for a year equals the same percentage that the population of the city or town bears to the population of the county. The percentage that the county is allocated for a year equals the same percentage that the population of all areas in the county not located in a city or town bears to the population of the county. On or before January 1 of each year, the county auditor shall certify to each member of the county income tax council the number of votes, rounded to the nearest one hundredth (0.01); it has for that year.

SECTION 10. IC 6-3.5-6-4 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. Sec. 4: (a) A member of the county income tax council may exercise its votes by passing a resolution and transmitting the resolution to the auditor of the county. However, in the case of an ordinance to impose, rescind, increase, decrease, or freeze the county rate of the county option income tax, the member must transmit the resolution to the county auditor by the appropriate time described in



section 8; 9; 10; or 11 of this chapter. The form of a resolution is as follows:

"The \_\_\_\_\_ (name of civil taxing unit's fiscal body) casts its \_\_\_\_\_ votes \_\_\_\_\_ (for or against) the proposed ordinance of the \_\_\_\_\_ County Income Tax Council; which reads as follows:"

(b) A resolution passed by a member of the county income tax council exercises all votes of the member on the proposed ordinance; and those votes may not be changed during the year.

SECTION 11. IC 6-3.5-6-5 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. Sec. 5: Any member of a county income tax council may present an ordinance for passage. To do so, the member must pass a resolution to propose the ordinance to the county income tax council and distribute a copy of the proposed ordinance to the auditor of the county. The auditor of the county shall treat any proposed ordinance presented to the auditor under this section as a casting of all that member's votes in favor of that proposed ordinance. Subject to the limitations of section 6 of this chapter, the auditor of the county shall deliver copies of a proposed ordinance the auditor receives to all members of the county income tax council within ten (10) days after receipt. Once a member receives a proposed ordinance from the auditor of the county, the member shall vote on it within thirty (30) days after receipt.

SECTION 12. IC 6-3.5-6-6 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. Sec. 6: (a) A county income tax council may pass only one (1) ordinance described in section 2(b)(1); 2(b)(2); 2(b)(3); 2(b)(4); or 2(b)(6) of this chapter in one (1) year. Once an ordinance described in section 2(b)(1); 2(b)(2); 2(b)(3); 2(b)(4); or 2(b)(6) of this chapter has been passed, the auditor of the county shall:

(1) cease distributing proposed ordinances of those types for the rest of the year; and

(2) withdraw from the membership any other of those types of proposed ordinances:

Any votes subsequently received by the auditor of the county on proposed ordinances of those types during that same year are void.

(b) The county income tax council may not vote on, nor may the auditor of the county distribute to the members of the county income tax council, any proposed ordinance during a year, if previously during that same year the auditor of the county received and distributed to the members of the county income tax council a proposed ordinance whose passage would have substantially the same effect.

SECTION 13. IC 6-3.5-6-7 IS REPEALED [EFFECTIVE



JANUARY 1, 2015]. Sec. 7: (a) Before a member of the county income tax council may propose an ordinance or vote on a proposed ordinance, the member must hold a public hearing on the proposed ordinance and provide the public with notice of the time and place where the public hearing will be held:

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.

(c) The form of the notice required by this section must be in substantially the following form:

**"NOTICE OF COUNTY OPTION  
INCOME TAX ORDINANCE VOTE:**

The fiscal body of the \_\_\_\_\_ (insert name of civil taxing unit) hereby declares that on \_\_\_\_\_ (insert date) at \_\_\_\_\_ (insert the time of day) a public hearing will be held at \_\_\_\_\_ (insert location) concerning the following resolution to propose an ordinance (or proposed ordinance) that is before the members of the county income tax council. Members of the public are cordially invited to attend the hearing for the purpose of expressing their views:

(Insert a copy of the proposed ordinance or resolution to propose an ordinance.):":

SECTION 14. IC 6-3.5-6-8, AS AMENDED BY P.L.261-2013, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 8. (a) The county ~~income tax~~ council of any county in which the county adjusted gross income tax will not be in effect on December 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county.

(b) Except as provided in sections 30, 31, and 32 of this chapter, the county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five-hundredths of one percent (0.05%) for all other county taxpayers.

(c) To impose the county option income tax, a county ~~income tax~~ council must pass an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County ~~Income Tax~~ Council imposes the county option income tax on the county taxpayers of \_\_\_\_\_ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five-hundredths of one percent (0.05%) on all other county





taxpayers.".

(d) Except as provided in sections 30, 31, and 32 of this chapter, if the county option income tax is imposed on the county taxpayers of a county, then the county option income tax rate that is in effect for resident county taxpayers of that county increases by one-tenth of one percent (0.1%) on each succeeding October 1 until the rate equals six-tenths of one percent (0.6%).

(e) The county option income tax rate in effect for the county taxpayers of a county who are not resident county taxpayers of that county is at all times one-fourth (1/4) of the tax rate imposed upon resident county taxpayers.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

SECTION 15. IC 6-3.5-6-9, AS AMENDED BY P.L.261-2013, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 9. (a) If on January 1 of a calendar year the county option income tax rate in effect for resident county taxpayers equals six tenths of one percent (0.6%), excluding a tax rate imposed under section 30, 31, or 32 of this chapter, the county ~~income tax~~ council of that county may pass an ordinance to increase its tax rate for resident county taxpayers. If a county ~~income tax~~ council passes an ordinance under this section, its county option income tax rate for resident county taxpayers increases by one-tenth of one percent (0.1%) in the year in which the ordinance is adopted, as provided in section 1.5 of this chapter, and on each succeeding October 1 until its rate reaches a maximum of one percent (1%), excluding a tax rate imposed under section 30, 31, or 32 of this chapter.

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

SECTION 16. IC 6-3.5-6-10 IS REPEALED [EFFECTIVE JANUARY 1, 2015]. ~~Sec. 10: If during a particular calendar year the county council of a county adopts an ordinance to impose the county adjusted gross income tax on the same day that the county option income tax council of the county adopts an ordinance to impose the~~



1 ~~county option income tax, the county option income tax takes effect in~~  
 2 ~~that county and the county adjusted gross income tax shall not take~~  
 3 ~~effect in that county.~~

4 SECTION 17. IC 6-3.5-6-11, AS AMENDED BY P.L.261-2013,  
 5 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JANUARY 1, 2015]: Sec. 11. (a) This section does not apply to a tax  
 7 rate imposed under section 30 of this chapter.

8 (b) The county ~~income tax~~ council of any county may adopt an  
 9 ordinance to permanently freeze the county option income tax rates at  
 10 the rate in effect for its county on December 1 of a year.

11 (c) To freeze the county option income tax rates, a county ~~income~~  
 12 ~~tax~~ council must adopt an ordinance. The ordinance must substantially  
 13 state the following:

14 "The \_\_\_\_\_ County ~~Income Tax~~ Council permanently  
 15 freezes the county option income tax rates at the rate in effect on  
 16 December 1 of the current year."

17 (d) An ordinance adopted under the authority of this section remains  
 18 in effect until rescinded.

19 (e) If a county ~~income tax~~ council rescinds an ordinance as adopted  
 20 under this section, the county option income tax rate shall  
 21 automatically increase by one-tenth of one percent (0.1%) until:

22 (1) the tax rate is again frozen under another ordinance adopted  
 23 under this section; or

24 (2) the tax rate equals six-tenths of one percent (0.6%) (if the  
 25 frozen tax rate equaled an amount less than six-tenths of one  
 26 percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled  
 27 an amount in excess of six-tenths of one percent (0.6%)).

28 (f) The county auditor shall record any vote taken on an ordinance  
 29 proposed under the authority of this section and, not more than ten (10)  
 30 days after the vote, send a certified copy of the results to the  
 31 commissioner of the department, the director of the budget agency, and  
 32 the commissioner of the department of local government finance in an  
 33 electronic format approved by the director of the budget agency.

34 SECTION 18. IC 6-3.5-6-12, AS AMENDED BY P.L.261-2013,  
 35 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 JANUARY 1, 2015]: Sec. 12. (a) The county option income tax  
 37 imposed by a county ~~income tax~~ council under this chapter remains in  
 38 effect until rescinded.

39 (b) Subject to subsection (c), the county ~~income tax~~ council of a  
 40 county may rescind the county option income tax by passing an  
 41 ordinance.

42 (c) A county ~~income tax~~ council may not rescind the county option



1 income tax or take any action that would result in a civil taxing unit in  
 2 the county having a smaller distributive share than the distributive  
 3 share to which it was entitled when it pledged county option income  
 4 tax, if the civil taxing unit or any commission, board, department, or  
 5 authority that is authorized by statute to pledge county option income  
 6 tax, has pledged county option income tax for any purpose permitted  
 7 by IC 5-1-14 or any other statute.

8 (d) The auditor of a county shall record all votes taken on a  
 9 proposed ordinance presented for a vote under the authority of this  
 10 section and, not more than ten (10) days after the vote, send a certified  
 11 copy of the results to the commissioner of the department, the director  
 12 of the budget agency, and the commissioner of the department of local  
 13 government finance in an electronic format approved by the director of  
 14 the budget agency.

15 SECTION 19. IC 6-3.5-6-12.5, AS AMENDED BY P.L.261-2013,  
 16 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JANUARY 1, 2015]: Sec. 12.5. (a) The county ~~income tax~~ council may  
 18 adopt an ordinance to decrease the county option income tax rate in  
 19 effect.

20 (b) To decrease the county option income tax rate, the county  
 21 ~~income tax~~ council must adopt an ordinance. The ordinance must  
 22 substantially state the following:

23 "The \_\_\_\_\_ County ~~Income Tax~~ Council decreases the  
 24 county option income tax rate from \_\_\_\_\_ percent (\_\_\_\_ %)   
 25 to \_\_\_\_\_ percent (\_\_\_\_ %).".

26 (c) A county ~~income tax~~ council may not decrease the county option  
 27 income tax if the county or any commission, board, department, or  
 28 authority that is authorized by statute to pledge the county option  
 29 income tax has pledged the county option income tax for any purpose  
 30 permitted by IC 5-1-14 or any other statute.

31 (d) The county auditor shall record the votes taken on an ordinance  
 32 under this subsection and, not more than ten (10) days after the vote,  
 33 shall send a certified copy of the ordinance to the commissioner of the  
 34 department, the director of the budget agency, and the commissioner  
 35 of the department of local government finance in an electronic format  
 36 approved by the director of the budget agency.

37 (e) Notwithstanding IC 6-3.5-7, a county ~~income tax~~ council that  
 38 decreases the county option income tax in a year may not in the same  
 39 year adopt or increase the county economic development income tax  
 40 under IC 6-3.5-7.

41 SECTION 20. IC 6-3.5-6-13, AS AMENDED BY P.L.77-2011,  
 42 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JANUARY 1, 2015]: Sec. 13. (a) A county ~~income tax~~ council of a county in which the county option income tax is in effect may adopt an ordinance to provide a homestead credit for homesteads in its county.

(b) A county ~~income tax~~ council may not provide a homestead credit percentage that exceeds the amount determined in the last STEP of the following formula:

STEP ONE: Determine the amount of the sum of all property tax levies for all taxing units in a county which are to be paid in the county in 2003 as reflected by the auditor's abstract for the 2002 assessment year, adjusted, however, for any postabstract adjustments which change the amount of the levies.

STEP TWO: Determine the amount of the county's estimated property tax replacement under IC 6-1.1-21-3(a) (before its repeal) for property taxes first due and payable in 2003.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the amount of the county's total county levy (as defined in IC 6-1.1-21-2(g) before its repeal) for property taxes first due and payable in 2003.

STEP FIVE: Subtract the STEP FOUR amount from the STEP ONE amount.

STEP SIX: Subtract the STEP FIVE result from the STEP THREE result.

STEP SEVEN: Divide the STEP THREE result by the STEP SIX result.

STEP EIGHT: Multiply the STEP SEVEN result by eight-hundredths (0.08).

STEP NINE: Round the STEP EIGHT product to the nearest one-thousandth (0.001) and express the result as a percentage.

(c) The homestead credit percentage must be uniform for all homesteads in a county.

(d) In the ordinance that establishes the homestead credit percentage, a county ~~income tax~~ council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 21. IC 6-3.5-6-13.5, AS ADDED BY P.L.182-2009(ss), SECTION 218, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 13.5. A county ~~income tax~~ council must before August 1 of each odd-numbered year hold at least



one (1) public meeting at which the county ~~income tax~~ council discusses whether the county option income tax rate under this chapter should be adjusted.

SECTION 22. IC 6-3.5-6-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 21. (a) Using procedures provided under this chapter, the county ~~income tax~~ council of any adopting county may pass an ordinance to enter into reciprocity agreements with the taxing authority of any city, town, municipality, county, or other similar local governmental entity of any other state. The reciprocity agreements must provide that the income of resident county taxpayers is exempt from income taxation by the other local governmental entity to the extent income of the residents of the other local governmental entity is exempt from the county option income tax in the adopting county.

(b) A reciprocity agreement adopted under this section may not become effective until it is also made effective in the other local governmental entity that is a party to the agreement.

(c) The form and effective date of any reciprocity agreement described in this section must be approved by the department.

SECTION 23. IC 6-3.5-6-30, AS AMENDED BY P.L.261-2013, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 30. (a) In a county in which the county option income tax is in effect, the county ~~income tax~~ council may adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county option adjusted gross income tax nor the county option income tax is in effect, the county ~~income tax~~ council may adopt an ordinance to impose a tax rate under this section.

(c) If a county ~~income tax~~ council adopts an ordinance to impose or increase a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) The following apply only in the year in which a county ~~income tax~~ council first imposes a tax rate under this section:

(1) The county ~~income tax~~ council shall, in the ordinance



1 imposing the tax rate, specify the tax rate for each of the  
2 following two (2) years.

3 (2) The tax rate that must be imposed in the county in the first  
4 year is equal to the result of:

5 (A) the tax rate determined for the county under  
6 IC 6-3.5-1.5-1(a) in that year; multiplied by

7 (B) the following:

8 (i) In a county containing a consolidated city, one and  
9 five-tenths (1.5).

10 (ii) In a county other than a county containing a consolidated  
11 city, two (2).

12 (3) The tax rate that must be imposed in the county in the second  
13 year is the tax rate determined for the county under  
14 IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues  
15 in effect in later years unless the tax rate is increased under this  
16 section.

17 (4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),  
18 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its  
19 repeal), and IC 12-29-2-2(c) apply to property taxes first due and  
20 payable in the ensuing calendar year and to property taxes first  
21 due and payable in the calendar year after the ensuing calendar  
22 year.

23 (f) The following apply only in a year in which a county ~~income tax~~  
24 council increases a tax rate under this section:

25 (1) The county ~~income tax~~ council shall, in the ordinance  
26 increasing the tax rate, specify the tax rate for the following year.

27 (2) The tax rate that must be imposed in the county is equal to the  
28 result of:

29 (A) the tax rate determined for the county under  
30 IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus

31 (B) the tax rate currently in effect in the county under this  
32 section.

33 The tax rate under this subdivision continues in effect in later  
34 years unless the tax rate is increased under this section.

35 (3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),  
36 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its  
37 repeal), and IC 12-29-2-2(c) apply to property taxes first due and  
38 payable in the ensuing calendar year.

39 (g) The department of local government finance shall determine the  
40 following property tax replacement distribution amounts:

41 STEP ONE: Determine the sum of the amounts determined under

42 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the



county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(b), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county family and children's fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county children's psychiatric residential treatment services fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county



1 treasurer shall make the distributions under this subsection at the same  
 2 time that distributions are made to civil taxing units under section 18  
 3 of this chapter.

4 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county  
 5 ~~income tax~~ council may not decrease or rescind a tax rate imposed  
 6 under this section.

7 (i) The tax rate under this section shall not be considered for  
 8 purposes of computing:

9 (1) the maximum income tax rate that may be imposed in a county  
 10 under section 8 or 9 of this chapter or any other provision of this  
 11 chapter; or

12 (2) the maximum permissible property tax levy under  
 13 IC 6-1.1-18.5-3.

14 (j) The tax levy under this section shall not be considered for  
 15 purposes of the credit under IC 6-1.1-20.6.

16 (k) A distribution under this section shall be treated as a part of the  
 17 receiving civil taxing unit's property tax levy for that year for purposes  
 18 of fixing its budget and for determining the distribution of taxes that  
 19 are distributed on the basis of property tax levies.

20 (l) If a county ~~income tax~~ council imposes a tax rate under this  
 21 section, the county option income tax rate dedicated to locally funded  
 22 homestead credits in the county may not be decreased.

23 (m) In the year following the year in which a county first imposes  
 24 a tax rate under this section:

25 (1) one-third (1/3) of the tax revenue that is attributable to the tax  
 26 rate under this section must be deposited in the county  
 27 stabilization fund established under subsection (o), in the case of  
 28 a county containing a consolidated city; and

29 (2) one-half (1/2) of the tax revenue that is attributable to the tax  
 30 rate under this section must be deposited in the county  
 31 stabilization fund established under subsection (o), in the case of  
 32 a county not containing a consolidated city.

33 (n) A pledge of county option income taxes does not apply to  
 34 revenue attributable to a tax rate under this section.

35 (o) A county stabilization fund is established in each county that  
 36 imposes a tax rate under this section. The county stabilization fund  
 37 shall be administered by the county auditor. If for a year the certified  
 38 distributions attributable to a tax rate under this section exceed the  
 39 amount calculated under STEP ONE through STEP FOUR of  
 40 IC 6-3.5-1.5-1(a) that is used by the department of local government  
 41 finance and the department of state revenue to determine the tax rate  
 42 under this section, the excess shall be deposited in the county





1 stabilization fund. Money shall be distributed from the county  
 2 stabilization fund in a year by the county auditor to political  
 3 subdivisions entitled to a distribution of tax revenue attributable to the  
 4 tax rate under this section if:

5 (1) the certified distributions attributable to a tax rate under this  
 6 section are less than the amount calculated under STEP ONE  
 7 through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the  
 8 department of local government finance and the department of  
 9 state revenue to determine the tax rate under this section for a  
 10 year; or

11 (2) the certified distributions attributable to a tax rate under this  
 12 section in a year are less than the certified distributions  
 13 attributable to a tax rate under this section in the preceding year.

14 However, subdivision (2) does not apply to the year following the first  
 15 year in which certified distributions of revenue attributable to the tax  
 16 rate under this section are distributed to the county.

17 (p) Notwithstanding any other provision, a tax rate imposed under  
 18 this section may not exceed one percent (1%).

19 (q) A county ~~income tax~~ council must each year hold at least one (1)  
 20 public meeting at which the county council discusses whether the tax  
 21 rate under this section should be imposed or increased.

22 (r) The department of local government finance and the department  
 23 of state revenue may take any actions necessary to carry out the  
 24 purposes of this section.

25 ~~(s) Notwithstanding any other provision, in Lake County the county~~  
 26 ~~council (and not the county income tax council) is the entity authorized~~  
 27 ~~to take actions concerning the additional tax rate under this section.~~

28 SECTION 24. IC 6-3.5-6-31, AS AMENDED BY P.L.261-2013,  
 29 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JANUARY 1, 2015]: Sec. 31. (a) As used in this section, "public  
 31 safety" refers to the following:

32 (1) A police and law enforcement system to preserve public peace  
 33 and order.

34 (2) A firefighting and fire prevention system.

35 (3) Emergency ambulance services (as defined in  
 36 IC 16-18-2-107).

37 (4) Emergency medical services (as defined in IC 16-18-2-110).

38 (5) Emergency action (as defined in IC 13-11-2-65).

39 (6) A probation department of a court.

40 (7) Confinement, supervision, services under a community  
 41 corrections program (as defined in IC 35-38-2.6-2), or other  
 42 correctional services for a person who has been:



- 1 (A) diverted before a final hearing or trial under an agreement
- 2 that is between the county prosecuting attorney and the person
- 3 or the person's custodian, guardian, or parent and that provides
- 4 for confinement, supervision, community corrections services,
- 5 or other correctional services instead of a final action
- 6 described in clause (B) or (C);
- 7 (B) convicted of a crime; or
- 8 (C) adjudicated as a delinquent child or a child in need of
- 9 services.
- 10 (8) A juvenile detention facility under IC 31-31-8.
- 11 (9) A juvenile detention center under IC 31-31-9.
- 12 (10) A county jail.
- 13 (11) A communications system (as defined in IC 36-8-15-3), an
- 14 enhanced emergency telephone system (as defined in
- 15 IC 36-8-16-2 (before its repeal on July 1, 2012)), or the statewide
- 16 911 system (as defined in IC 36-8-16.7-22).
- 17 (12) Medical and health expenses for jail inmates and other
- 18 confined persons.
- 19 (13) Pension payments for any of the following:
- 20 (A) A member of the fire department (as defined in
- 21 IC 36-8-1-8) or any other employee of a fire department.
- 22 (B) A member of the police department (as defined in
- 23 IC 36-8-1-9), a police chief hired under a waiver under
- 24 IC 36-8-4-6.5, or any other employee hired by a police
- 25 department.
- 26 (C) A county sheriff or any other member of the office of the
- 27 county sheriff.
- 28 (D) Other personnel employed to provide a service described
- 29 in this section.
- 30 (b) The county ~~income tax~~ council may adopt an ordinance to
- 31 impose an additional tax rate under this section to provide funding for
- 32 public safety if:
- 33 (1) the county ~~income tax~~ council has imposed a tax rate under
- 34 section 30 of this chapter, in the case of a county containing a
- 35 consolidated city; or
- 36 (2) the county ~~income tax~~ council has imposed a tax rate of at
- 37 least twenty-five hundredths of one percent (0.25%) under section
- 38 30 of this chapter, a tax rate of at least twenty-five hundredths of
- 39 one percent (0.25%) under section 32 of this chapter, or a total
- 40 combined tax rate of at least twenty-five hundredths of one
- 41 percent (0.25%) under sections 30 and 32 of this chapter, in the
- 42 case of a county other than a county containing a consolidated



- city.
- (c) A tax rate under this section may not exceed the following:
- (1) Five-tenths of one percent (0.5%), in the case of a county containing a consolidated city.
  - (2) Twenty-five hundredths of one percent (0.25%), in the case of a county other than a county containing a consolidated city.
- (d) If a county ~~income tax~~ council adopts an ordinance to impose a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.
- (e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.
- (f) Except as provided in subsections ~~(h)~~ **(k)** and ~~(m)~~ **(l)**, the county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county that is carrying out or providing at least one (1) of the public safety purposes described in subsection (a). The amount that shall be distributed to the county or municipality is equal to the result of:
- (1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by
  - (2) a fraction equal to:
    - (A) the total property taxes being collected in the county by the county or municipality for the calendar year; divided by
    - (B) the sum of the total property taxes being collected in the county by the county and each municipality in the county that is entitled to a distribution under this section for the calendar year.
- The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.
- (g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax



- 1 revenue.
- 2 (h) The tax rate under this section and the tax revenue attributable
- 3 to the tax rate under this section shall not be considered for purposes
- 4 of computing:
- 5 (1) the maximum income tax rate that may be imposed in a county
- 6 under section 8 or 9 of this chapter or any other provision of this
- 7 chapter;
- 8 (2) the maximum permissible property tax levy under
- 9 IC 6-1.1-18.5-3; or
- 10 (3) the credit under IC 6-1.1-20.6.
- 11 (i) The tax rate under this section may be imposed or rescinded at
- 12 the same time and in the same manner that the county may impose or
- 13 increase a tax rate under section 30 of this chapter.
- 14 (j) The department of local government finance and the department
- 15 of state revenue may take any actions necessary to carry out the
- 16 purposes of this section.
- 17 ~~(k) Notwithstanding any other provision, in Lake County the county~~
- 18 ~~council (and not the county income tax council) is the entity authorized~~
- 19 ~~to take actions concerning the additional tax rate under this section.~~
- 20 ~~(k)~~ (k) Two (2) or more political subdivisions that are entitled to
- 21 receive a distribution under this section may adopt resolutions
- 22 providing that some part or all of those distributions shall instead be
- 23 paid to one (1) political subdivision in the county to carry out specific
- 24 public safety purposes specified in the resolutions.
- 25 ~~(m)~~ (l) A fire department, volunteer fire department, or emergency
- 26 medical services provider that:
- 27 (1) provides fire protection or emergency medical services within
- 28 the county; and
- 29 (2) is operated by or serves a political subdivision that is not
- 30 otherwise entitled to receive a distribution of tax revenue under
- 31 this section;
- 32 may before July 1 of a year apply to the county ~~income tax~~ council for
- 33 a distribution of tax revenue under this section during the following
- 34 calendar year. The county ~~income tax~~ council shall review an
- 35 application submitted under this subsection and may before September
- 36 1 of a year adopt a resolution requiring that one (1) or more of the
- 37 applicants shall receive a specified amount of the tax revenue to be
- 38 distributed under this section during the following calendar year. A
- 39 resolution approved under this subsection providing for a distribution
- 40 to one (1) or more fire departments, volunteer fire departments, or
- 41 emergency services providers applies only to distributions in the
- 42 following calendar year. Any amount of tax revenue distributed under



1 this subsection to a fire department, volunteer fire department, or  
 2 emergency medical services provider shall be distributed before the  
 3 remainder of the tax revenue is distributed under subsection (f).

4 SECTION 25. IC 6-3.5-6-32, AS AMENDED BY P.L.261-2013,  
 5 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JANUARY 1, 2015]: Sec. 32. (a) A county ~~income tax~~ council may  
 7 impose a tax rate under this section to provide property tax relief to  
 8 taxpayers in the county. A county ~~income tax~~ council is not required to  
 9 impose any other tax before imposing a tax rate under this section.

10 (b) A tax rate under this section may be imposed in increments of  
 11 five-hundredths of one percent (0.05%) determined by the county  
 12 ~~income tax~~ council. A tax rate under this section may not exceed one  
 13 percent (1%).

14 (c) A tax rate under this section is in addition to any other tax rates  
 15 imposed under this chapter and does not affect the purposes for which  
 16 other tax revenue under this chapter may be used.

17 (d) If a county ~~income tax~~ council adopts an ordinance to impose or  
 18 increase a tax rate under this section, not more than ten (10) days after  
 19 the vote, the county auditor shall send a certified copy of the ordinance  
 20 to the commissioner of the department, the director of the budget  
 21 agency, and the commissioner of the department of local government  
 22 finance in an electronic format approved by the director of the budget  
 23 agency.

24 (e) A tax rate under this section may be imposed, increased,  
 25 decreased, or rescinded at the same time and in the same manner that  
 26 the county ~~income tax~~ council may impose or increase a tax rate under  
 27 section 30 of this chapter.

28 (f) Tax revenue attributable to a tax rate under this section may be  
 29 used for any combination of the following purposes, as specified by  
 30 ordinance of the county ~~income tax~~ council:

31 (1) The tax revenue may be used to provide local property tax  
 32 replacement credits at a uniform rate to all taxpayers in the  
 33 county. The local property tax replacement credits shall be treated  
 34 for all purposes as property tax levies. The county auditor shall  
 35 determine the local property tax replacement credit percentage for  
 36 a particular year based on the amount of tax revenue that will be  
 37 used under this subdivision to provide local property tax  
 38 replacement credits in that year. A county ~~income tax~~ council may  
 39 not adopt an ordinance determining that tax revenue shall be used  
 40 under this subdivision to provide local property tax replacement  
 41 credits at a uniform rate to all taxpayers in the county unless the  
 42 county council has done the following:



(A) Made available to the public the county council's best estimate of the amount of property tax replacement credits to be provided under this subdivision to homesteads, other residential property, commercial property, industrial property, and agricultural property.

(B) Adopted a resolution or other statement acknowledging that some taxpayers in the county that do not pay the tax rate under this section will receive a property tax replacement credit that is funded with tax revenue from the tax rate under this section.

(2) The tax revenue may be used to uniformly increase (before January 1, 2011) or uniformly provide (after December 31, 2010) the homestead credit percentage in the county. The homestead credits shall be treated for all purposes as property tax levies. The homestead credits do not reduce the basis for determining any state homestead credit. The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The county auditor shall determine the homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4 before January 1, 2009, and as defined in section 1 of this chapter after December 31, 2008) in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year.

(4) This subdivision applies only to Lake County. The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

(A) To reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies.

(B) To provide local property tax replacement credits in Lake County in the following manner:



(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County (as determined by the department based on the department's best estimate) shall be used only to provide a local property tax credit against property taxes imposed by that municipality.

(ii) The tax revenue under this section that is collected from taxpayers within the unincorporated area of Lake County (as determined by the department) shall be used only to provide a local property tax credit against property taxes imposed by the county. The local property tax credit for the unincorporated area of Lake County shall be available only to those taxpayers within the unincorporated area of the county.

(C) To provide property tax credits in the following manner:

(i) Sixty percent (60%) of the tax revenue under this section shall be used as provided in clause (B).

(ii) Forty percent (40%) of the tax revenue under this section shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be used as credits against the county's levies or against a particular township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits under clause (A), (B), or (C) shall be provided to homesteads, to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision. Except as provided in subsection (g), the tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies.

The county ~~income tax~~ council may adopt an ordinance changing the purposes for which tax revenue attributable to a tax rate under this section shall be used in the following year.

(g) The tax rate under this section shall not be considered for



1 purposes of computing:

2 (1) the maximum income tax rate that may be imposed in a county  
3 under section 8 or 9 of this chapter or any other provision of this  
4 chapter;

5 (2) the maximum permissible property tax levy under  
6 IC 6-1.1-18.5-3; or

7 (3) the credit under IC 6-1.1-20.6.

8 (h) Tax revenue under this section shall be treated as a part of the  
9 receiving civil taxing unit's or school corporation's property tax levy for  
10 that year for purposes of fixing the budget of the civil taxing unit or  
11 school corporation and for determining the distribution of taxes that are  
12 distributed on the basis of property tax levies. To the extent the county  
13 auditor determines that there is income tax revenue remaining from the  
14 tax under this section after providing the property tax replacement, the  
15 excess shall be credited to a dedicated county account and may be used  
16 only for property tax replacement under this section in subsequent  
17 years.

18 (i) The department of local government finance and the department  
19 of state revenue may take any actions necessary to carry out the  
20 purposes of this section.

21 ~~(j) Notwithstanding any other provision, in Lake County the county~~  
22 ~~council (and not the county income tax council) is the entity authorized~~  
23 ~~to take actions concerning the tax rate under this section.~~

24 SECTION 26. IC 6-3.5-6-34 IS ADDED TO THE INDIANA CODE  
25 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
26 JANUARY 1, 2015]: **Sec. 34. Notwithstanding the replacement of**  
27 **the county income tax council with the county council for purposes**  
28 **of this chapter, all actions taken before January 1, 2015, with**  
29 **respect to the following, continue in full force and effect, unless**  
30 **modified by the county council under this chapter after December**  
31 **31, 2014:**

32 (1) The imposition of the tax under this chapter.

33 (2) The total tax rate imposed under this chapter.

34 (3) The uses of the tax revenue under this chapter.

35 (4) All agreements relating to the use of the tax revenue.

36 (5) All proceedings and any action taken at a proceeding  
37 concerning the tax.

38 (6) Any final action taken by the county income tax council  
39 before January 1, 2015, with regard to tax rate increases,  
40 decreases, or other matters that will not take effect until after  
41 December 31, 2014.

42 SECTION 27. IC 6-3.5-7-5, AS AMENDED BY P.L.261-2013,





SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The ~~entity that~~ **county council** may impose the tax. ~~is:~~

- (1) ~~the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on October 1 of the year the county economic development income tax is imposed;~~
- (2) ~~the county council if the county adjusted gross income tax is in effect on October 1 of the year the county economic development tax is imposed; or~~
- (3) ~~the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).~~

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in this section and section 28 of this chapter, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in this section, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in this section, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the ~~appropriate body~~ **county council** must adopt an ordinance.

(e) The ordinance to impose the tax must substantially state the following:

"The \_\_\_\_\_ County **Council** imposes the county economic



1 development income tax on the county taxpayers of \_\_\_\_\_  
 2 County. The county economic development income tax is imposed at  
 3 a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the  
 4 county.".

5 (f) The auditor of a county shall record all votes taken on ordinances  
 6 presented for a vote under the authority of this chapter and shall, not  
 7 more than ten (10) days after the vote, send a certified copy of the  
 8 results to the commissioner of the department, the director of the  
 9 budget agency, and the commissioner of the department of local  
 10 government finance in an electronic format approved by the director of  
 11 the budget agency.

12 (g) For Jackson County, except as provided in subsection (o), the  
 13 county economic development income tax rate plus the county adjusted  
 14 gross income tax rate that are in effect on January 1 of a year may not  
 15 exceed one and thirty-five hundredths percent (1.35%) if the county has  
 16 imposed the county adjusted gross income tax at a rate of one and  
 17 one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

18 (h) For Pulaski County, except as provided in subsection (o), the  
 19 county economic development income tax rate plus the county adjusted  
 20 gross income tax rate that are in effect on January 1 of a year may not  
 21 exceed one and fifty-five hundredths percent (1.55%).

22 (i) For Wayne County, except as provided in subsection (o), the  
 23 county economic development income tax rate plus the county adjusted  
 24 gross income tax rate that are in effect on January 1 of a year may not  
 25 exceed one and five-tenths percent (1.5%).

26 (j) This subsection applies to Randolph County. Except as provided  
 27 in subsection (o), in addition to the rates permitted under subsection  
 28 (b):

29 (1) the county economic development income tax may be imposed  
 30 at a rate of twenty-five hundredths percent (0.25%); and

31 (2) the sum of the county economic development income tax rate  
 32 and the county adjusted gross income tax rate that are in effect on  
 33 January 1 of a year may not exceed one and five-tenths percent  
 34 (1.5%);

35 if the county council makes a determination to impose rates under this  
 36 subsection and section 22.5 of this chapter.

37 (k) For Daviess County, except as provided in subsection (o), the  
 38 county economic development income tax rate plus the county adjusted  
 39 gross income tax rate that are in effect on January 1 of a year may not  
 40 exceed one and five-tenths percent (1.5%).

41 (l) For:

42 (1) Elkhart County; or



(2) Marshall County; except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For Union County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) This subsection applies to Knox County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(o) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1 (repealed) before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county, resulting from the deduction of the assessed value of inventory



in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11.

(p) If the county economic development income tax is imposed as authorized under subsection (o) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.

(q) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (o), in addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
  - (2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);
- if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(r) Except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(s) This subsection applies to Howard County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(t) This subsection applies to Scott County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Jasper County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).



(v) An additional county economic development income tax rate imposed under section 28 of this chapter may not be considered in calculating any limit under this section on the sum of:

- (1) the county economic development income tax rate plus the county adjusted gross income tax rate; or
- (2) the county economic development tax rate plus the county option income tax rate.

(w) The income tax rate limits imposed by subsection (c) or (x) or any other provision of this chapter do not apply to:

- (1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or
- (2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

For purposes of computing the maximum combined income tax rate under subsection (c) or (x) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

(x) This subsection applies to Monroe County. Except as provided in subsection (o), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(y) This subsection applies to Perry County. Except as provided in subsection (o), if an ordinance is adopted under section 27.5 of this chapter, the county economic development income tax rate plus the county option income tax rate that is in effect on January 1 of a year may not exceed one and seventy-five hundredths percent (1.75%).

(z) This subsection applies to Starke County. Except as provided in subsection (o), if an ordinance is adopted under section 27.6 of this chapter, the county economic development income tax rate plus the county adjusted gross income tax rate that is in effect on January 1 of a year may not exceed two percent (2%).

SECTION 28. IC 6-3.5-7-12, AS AMENDED BY P.L.137-2012, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 12. (a) Except as provided in sections 23, 26, 27, 27.5, 27.6, and 28 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.



(b) Except as provided in subsections (c) and (h) and section 15 of this chapter, and subject to adjustment as provided in IC 36-8-19-7.5, the amount of the certified distribution that the county and each city or town in a county is entitled to receive each month of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of:

(A) total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) for a county, the welfare allocation amount.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus the welfare allocation amount. The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under this chapter in 2008, the property taxes imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund.

(c) This subsection applies to a county council ~~or county income tax council~~ that imposes a tax under this chapter after June 1, 1992. The ~~body imposing the tax~~ **county council** may adopt an ordinance before August 2 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in section 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during each month of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of



the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The ~~body imposing the tax~~ **county council** may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15 and 26 of this chapter.

SECTION 29. IC 6-3.5-7-26, AS AMENDED BY P.L.137-2012, SECTION 105, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 26. (a) This section applies only to homestead and property tax replacement credits for property taxes first due and payable after calendar year 2006.

(b) The following definitions apply throughout this section:

(1) "Adopt" includes amend.

(2) ~~"Adopting entity" means:~~

(A) the entity that adopts an ordinance under IC ~~6-1.1-12-41(f)~~; or

(B) any other entity that may impose a county economic



- 1           ~~development income tax under section 5 of this chapter.~~
- 2           (3) (2) "Homestead" refers to tangible property that is eligible for
- 3           a homestead credit under IC 6-1.1-20.9 (repealed) or the standard
- 4           deduction under IC 6-1.1-12-37.
- 5           (4) (3) "Residential" refers to the following:
- 6           (A) Real property, a mobile home, and industrialized housing
- 7           that would qualify as a homestead if the taxpayer had filed for
- 8           a homestead credit under IC 6-1.1-20.9 (repealed) or the
- 9           standard deduction under IC 6-1.1-12-37.
- 10          (B) Real property not described in clause (A) designed to
- 11          provide units that are regularly used to rent or otherwise
- 12          furnish residential accommodations for periods of thirty (30)
- 13          days or more, regardless of whether the tangible property is
- 14          subject to assessment under rules of the department of local
- 15          government finance that apply to:
- 16              (i) residential property; or
- 17              (ii) commercial property.
- 18          (c) ~~An adopting entity~~ **A county council** may adopt an ordinance to
- 19          provide for the use of the certified distribution described in section 16
- 20          of this chapter for the purpose provided in subsection (e). ~~An adopting~~
- 21          **entity A county council** that adopts an ordinance under this subsection
- 22          shall use the procedures set forth in IC 6-3.5-6 concerning the adoption
- 23          of an ordinance for the imposition of the county option income tax. The
- 24          ordinance may provide for an additional rate under section 5(o) of this
- 25          chapter. An ordinance adopted under this subsection:
- 26              (1) first applies to the certified distribution described in section 16
- 27              of this chapter made in the later of the calendar year that
- 28              immediately succeeds the calendar year in which the ordinance is
- 29              adopted or calendar year 2007; and
- 30              (2) must specify that the certified distribution must be used to
- 31              provide for one (1) of the following, as determined by the
- 32              ~~adopting entity:~~ **county council:**
- 33                  (A) Uniformly applied homestead credits as provided in
- 34                  subsection (f).
- 35                  (B) Uniformly applied residential credits as provided in
- 36                  subsection (g).
- 37                  (C) Allocated homestead credits as provided in subsection (i).
- 38                  (D) Allocated residential credits as provided in subsection (j).
- 39          An ordinance adopted under this subsection may be combined with an
- 40          ordinance adopted under section 25 of this chapter (before its repeal).
- 41          (d) If an ordinance is adopted under subsection (c), the percentage
- 42          of the certified distribution specified in the ordinance for use for the





purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (k); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the ~~adopting~~ **entity county council** shall use the certified distribution described in section 16 of this chapter to provide:

- (1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), a homestead credit for homesteads; or
- (2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), a property tax replacement credit for residential property;

for property taxes to offset the effect on homesteads or residential property, as applicable, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11. The amount of a residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 (before its repeal) or another law other than IC 6-1.1-20.6.

(f) If the ~~imposing~~ **entity county council** specifies the application of uniform homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which a homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide a homestead credit percentage under this section for the year;
- (2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and
- (3) the percentage of homestead credit under this section that equates to the amount of homestead credits determined under subdivision (2).

(g) If the ~~imposing~~ **entity county council** specifies the application of uniform residential credits under subsection (c)(2)(B), the county auditor shall determine for each calendar year in which a homestead credit percentage is authorized under this section:

- (1) the amount of the certified distribution that is available to provide a residential property tax replacement credit percentage for the year;



(2) the amount of uniformly applied residential property tax replacement credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the percentage of residential property tax replacement credit under this section that equates to the amount of residential property tax replacement credits determined under subdivision (2).

(h) The percentage of homestead credit determined by the county auditor under subsection (f) or the percentage of residential property tax replacement credit determined by the county auditor under subsection (g) applies uniformly in the county in the calendar year for which the percentage is determined.

(i) If the ~~imposing entity~~ **county council** specifies the application of allocated homestead credits under subsection (c)(2)(C), the county auditor shall, for each calendar year in which a homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide a homestead credit under this section for the year; and

(2) except as provided in subsection (1), a percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(j) If the ~~imposing entity~~ **county council** specifies the application of allocated residential property tax replacement credits under subsection (c)(2)(D), the county auditor shall determine for each calendar year in which a residential property tax replacement credit is authorized under this section:

(1) the amount of the certified distribution that is available to provide a residential property tax replacement credit under this section for the year; and

(2) except as provided in subsection (1), a percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in



2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(k) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the homestead credit or residential property tax replacement credit provided under this section within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of a homestead credit or residential property tax replacement credit under this section.

(l) Subject to the approval of the ~~imposing entity~~, **county council**, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

SECTION 30. IC 6-3.5-7-29 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JANUARY 1, 2015]: **Sec. 29. Notwithstanding the replacement of the county income tax council with the county council for purposes of this chapter, all actions taken before January 1, 2015, with respect to the following, continue in full force and effect, unless modified by the county council under this chapter after December 31, 2014:**

(1) **The imposition of the tax under this chapter.**

(2) **The total tax rate imposed under this chapter.**

(3) **The uses of the tax revenue under this chapter.**

(4) **All agreements relating to the use of the tax revenue.**

(5) **All proceedings and any action taken at a proceeding concerning the tax.**

(6) **Any final action taken by the county income tax council before January 1, 2015, with regard to tax rate increases, decreases, or other matters that will not take effect until after December 31, 2014.**



SECTION 31. IC 8-18-22-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 6. (a) Except as provided in subsection (b), the county fiscal body may pledge revenues for the payment of principal and interest on the bonds and for other purposes under the ordinance as provided by IC 5-1-14-4, including revenues from the following sources:

- (1) The motor vehicle highway account.
- (2) The local road and street account.
- (3) The county motor vehicle excise surtax.
- (4) The county wheel tax.
- (5) The county adjusted gross income tax.
- (6) The county option income tax.
- (7) The economic development income tax.
- (8) Assessments.
- (9) Any other unappropriated or unencumbered money.

(b) The county fiscal body may not pledge to levy ad valorem property taxes for these purposes, except for revenues from the following:

- (1) IC 8-16-3.
- (2) IC 8-16-3.1.

(c) If the county fiscal body has pledged revenues from the county option income tax as set forth in subsection (a), the county ~~income tax~~ council (as defined in IC 6-3.5-6-1) may covenant that the council will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county ~~income tax~~ council may make the covenant by adopting an ordinance using procedures described in IC 6-3.5-6.

(d) If the county fiscal body has pledged revenues from the economic development income tax as set forth in subsection (a), the county ~~income tax~~ council (~~if the council is the body that imposed the tax~~) may covenant that the council will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county ~~income tax~~ council may make the covenant by adopting an ordinance using procedures described in IC 6-3.5-6.

**(e) A covenant made under this section by a county income tax council before January 1, 2015, is considered a covenant of the county council after December 31, 2014.**

SECTION 32. IC 12-20-25-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2015]: Sec. 35. (a) The control board shall report the following to the county fiscal body:

- (1) The audit findings of the management committee.



- 1           (2) The financial plan adopted under section 33 of this chapter.
- 2           (b) Not more than thirty (30) days after notice, the county fiscal
- 3           body shall adopt one (1) of the following:
- 4           (1) An ordinance adopting the financial plan adopted by the
- 5           control board.
- 6           (2) An ordinance rejecting the financial plan adopted by the
- 7           control board.
- 8           (c) Notwithstanding IC 6-3.5-6, if:
- 9           (1) the financial plan adopted under section 33 of this chapter
- 10           includes the county option income tax; and
- 11           (2) the fiscal body adopts an ordinance adopting the financial plan
- 12           under subsection (b);
- 13           the county option income tax is imposed at the rate adopted in the
- 14           financial plan. Subject to the requirements of this chapter, the county
- 15           fiscal body ~~rather than the county income tax council~~, has the authority
- 16           granted ~~to a county income tax council~~ by IC 6-3.5-6 as long as the
- 17           county option income tax imposed under this chapter remains in effect.

